

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEALS OF CARON) APPEAL NOS. 07-A-2042
OCLASSEN from the decisions of the Board of) AND 07-A-2043
Equalization of Blaine County for tax year 2007.) FINAL DECISION
) AND ORDER

RESIDENTIAL PROPERTY APPEALS

THESE MATTERS came on for hearing October 16, 2007, in Hailey, Idaho before Board Member David E. Kinghorn. Board Member Lyle R. Cobbs participated in this decision. Appellant Caron Oclassen appeared at hearing. Assessor Valdi Pace and Appraiser Mickey Dalin appeared for Respondent Blaine County. These appeals are taken from decisions of the Blaine County Board of Equalization denying the protests of the valuation for taxing purposes of properties described as Parcel Nos. RPH0447002011A and RPH0447002012A .

The issue on appeal is the market value of improved residential properties.

The decisions of the Blaine County Board of Equalization are modified in part and affirmed in part.

FINDINGS OF FACT

Parcel No. RPH0447002011A

The assessed land value is \$265,000, and the improvements' valuation is \$356,630, totaling \$621,630. Appellant requests the land value be reduced to \$230,000, and the improvements' value be reduced to \$300,000, totaling \$530,000.

Parcel No. RP H0447002012A

The assessed land value is \$265,000, and the improvements' valuation is \$332,710, totaling \$597,710. Appellant requests the land value be reduced to \$230,000, and the improvements' value be reduced to \$300,000, totaling \$530,000.

The adjacent subject properties each include a 2,684 square foot residence built in 2003,

located in West Hailey. As the subject properties are nearly identical, they will be considered together for the purposes of this decision.

Appellant challenged the sales used by Respondent primarily on the basis of location. Subjects were argued to be in a less desirable area of town. Subjects are located near a subdivision referred to as China Gardens, which Appellant asserted has historically been looked down upon by buyers. This was argued to negatively impact the value of subjects. Respondent's sales, on the other hand, were noted to be located in an area referred to as Old Hailey, which has a better reputation and generally commands higher prices.

Appellant referenced a property similarly located near China Gardens that sold in June 2007 after nearly two years on the market. The residence was 2,150 square feet built in 2005. Appellant noted the property was originally listed for \$515,000, before being reduced to \$495,000. The record was not clear as to the sale price, however, Appellant stated the property was appraised at the time of sale at \$450,000.

In May 2006, Appellant listed subject for sale at \$569,000. It was unclear if both subject properties were listed for sale, as only the listing information for one of the parcels was provided. Appellant testified no offers in excess of \$500,000 were received.

Appellant also provided five (5) sales and two (2) active listings. The prices ranged from \$295,000 to \$353,000 for residences between 1,008 and 1,872 square feet. Three (3) of the sales were located in the China Gardens subdivision, two of which sold during 2006. The remaining property sold in August 2007. The other two (2) sales occurred in different parts of Hailey and sold during early 2007. The listings submitted by Appellant were both from China Gardens and involved residences with 1,008 square feet. The listing prices were \$289,000 and \$325,000.

Finally, Appellant questioned why subjects' assessments varied despite being essentially identical properties.

Respondent acknowledged the negative perception surrounding China Gardens subdivision. As such, Respondent challenged Appellant's reference to sale properties from within this subdivision. Further, the homes in the subdivision were much smaller than subjects.

Respondent presented four (4) sales to support subjects' assessments. Three (3) sales occurred in 2006 and involved residences between 2,208 and 2,555 square feet which sold between \$575,000 and \$799,000. The remaining sale was 2,678 square feet and noted to be in subjects' immediate area. The property sold in 2004 for \$665,000 and resold again in 2005 for an undisclosed price. It was also noted the land values of the County's sales were higher than subjects', in part to account for the negative influence of China Gardens.

After more closely examining the subject properties, Respondent recommended an 8% reduction in value for Parcel No. RPH0447002011A. The value reduction was to account for some factor(s) discovered concerning the residence.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For the purposes of taxation, Idaho uses a market value standard to assess property, as defined in Idaho Code § 63-201(10):

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing sell, under no compulsion to sell, and an

informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Sales are typically used to establish market value. In the absence of sales, listing prices and other such information can be helpful in determining values. In this case, ample sales are available, so Appellant's listings would not constitute the best value evidence.

Both parties presented sales to support their respective value positions concerning the subject properties. The sale argued by Appellant to be the most similar to subjects sold in 2007. Also submitted, were three (3) additional 2007 sales.

Idaho Code provides property must be valued on January 1 of the applicable tax year, or January 1, 2007 in this case. Idaho Code § 63-205. As such, Appellants four (4) sales referenced above cannot be considered in determining subjects' market value on the statutory assessment date.

Appellant did submit two (2) sales from 2006, which can be examined. The properties were located in China Gardens and both involved residences of 1,008 square feet. The properties sold for \$295,000 and \$335,000. The obvious problems with these sales are size and location. The residences are less than half the size of subjects. Also of importance is their location in the very subdivision argued by Appellant to have a negative perception in the marketplace and the cause of subjects' diminished values. Subjects are located nearby, but not actually in China Gardens, so comparing them to properties in the subdivision would be improper.

Respondent referenced a 2004 sale for \$665,000. The property was similar to subject in terms of location and square footage. The market is not the same now as it was several years ago. Absent adjustments for changed market conditions, this sale is too dated to be considered

reliable evidence of subjects' 2007 values.

Respondent's 2006 sales involved residences between 2,208 and 2,555 square feet that sold between \$575,000 and \$799,000. While the properties were argued to be superior in terms of location, Respondent noted subjects were assessed lower per square foot. Also stated, was subjects' land values were roughly \$35,000 less than those of the sale properties. Accordingly, Respondent argued differences compared to the sales were represented in subjects' assessments.

Appellant carries the burden of proof to show error in the Assessor's value by a preponderance of the evidence. Idaho Code § 63-511. We do not believe Appellant has met that burden here.

Of the timely sales provided, Respondent's were the most comparable to subjects. While they were located in areas conceded to be at least somewhat superior to subjects', Respondent made corresponding adjustments to the assessed values. From the evidence presented, it appears subjects were valued fairly and reasonably.

After closer inspection of the subject properties, Respondent recommended reducing the improvement value of Parcel No. RPH0447002011A by 8%. We will accept this recommendation. Accordingly, we will modify the decision of the Blaine County Board of Equalization concerning Parcel No. RPH0447002011A to reflect values of \$327,630 for the improvements and \$265,000 for the land, totaling \$592,630.

We, however, will affirm the decision of the Blaine County Board of Equalization concerning Parcel No. RPH0447002012A reflecting values of \$332,710 for the improvements and \$265,000 for the land, totaling \$597,710.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Blaine County Board of Equalization concerning the subject parcel be, and the same hereby are, modified in part and affirmed in part, to reflect the following values:

<u>Parcel No. RPH0447002011A</u>	Land	=	\$265,000
	Improvements	=	\$327,630
	Total	=	\$592,630
<u>Parcel No. RPH0447002012A</u>	Land	=	\$265,000
	Improvements	=	\$332,710
	Total	=	\$597,710

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED April 30, 2008